SUBSISTENCE AND TRAVEL POLICY
2017-2018
REVIEWED APRIL 2017

1. INTRODUCTION

1.1. Income Tax Act, directives and guidelines from the Minister of Finance prescribe the conditions and rates that can be used for the payment of a subsistence allowance to employees.

1.2. This policy has been developed for the King Sabata Dalindyebo Local Municipal Council

1.3. This policy is for Councilors and employees who are required to incur expenditure for accommodation whilst on official journeys.

1.4. The King Sabata DalindyeboLocal Municipal Council will revise the subsistence and travel allowances payable on an annual basis or when required.

2. PURPOSE

2.1. The purpose of this policy is to compensate /representatives who are on official duty away from their headquarters/units and home, for the fair, reasonable and justifiable accommodation expenditure incurred by them of necessity during such a period.

2.2. The compensation is not meant for:

2.2.1. An official to entertain;

2.2.2. Compensate for any discomfort experienced; and or

2.2.3. Supplement an official's salary

2.2.4. Restricting building capacity

3. POLICY STATEMENT

3.1. The municipality will pay a subsistence amount to compensate employees for incidental expenses incurred by the employee on municipal business while away from their usual place of residence.

3.2. The municipality will pay a subsistence amount equal to the amounts set by SARS as published in a Government Gazette from time to time.

4. APPLICATION

The provision of this policy shall apply to all office bearers/ (/representatives) of the King Sabata Dalindyebo Local Municipal Council

5. LEGISLATIVE FRAMEWORK

5.1. Local Government Municipal Systems Act (Act 32 of 2000)

5.2. Municipal Finance Management Act (Act 56 of 2003)

5.3. Income Tax Act, 1962 (Act 58 of 1962

5.4. South African Revenue Services

6. DEFINITIONS AND TERMS:

For the purpose of this policy document:-

6.1. Each day	Means each day or part of a day, /municipal representative is away from his or her usual place of residence
6.2. Day	For the purpose of claiming travel and subsistence allowance per day, 'day' means a completed period of a day: • Spent by a representative travelling to a required destination outside the area of jurisdiction of the King Sabata Dalindyebo Local Municipality, if the representative is required to

	sleep over or work out of KSD jurisdiction at such destination that night, or is necessarily travelling to board an aircraft for traveling outside South Africa.
6.3. Representative	In terms of this policy, a representative means any municipal official/employee, councilor, a mayoral committee member, the speaker, mayor of the King Sabata DalindyeboLocal Municipality
6.4. Office bearer	Means official or councilor of the King Sabata Dalindyebo Local Municipality
6.5. Headquarters/Head/Office/ Mthatha & Mnqanduli Unit	Means the city, town, or place where the principal duties of an official have to be performed or which may be indicated as his/her job description.
6.6. Official duty	Means official absence from headquarters/Mthatha or Mqanduli Unit whilst representing the King Sabata Dalindyebo Local Municipal Council as authorized by the delegated authority
6.7. Special daily allowance	Means an allowance payable for incidental expenses where actual expenses are claimed for periods of 24 Hours, day or more, which

	amount is intended to cover tips for table and room service as well as porter age, reading material, private telephone calls and liquid refreshments including tea and coffee which do not form part of meals.
6.8. Subsistence allowance	Is any allowance paid by the employer to the employee to cover accommodation, meals or incidental costs where employee is by reason of the duties of his or her office or employment, obliged to spend at least one night away from his or her usual place of residence in the Republic of South Africa and outside.
6.9. Travel Allowance	Is any allowance paid to an employee in respect of traveling expenses for business purposes Any allowance in respect of traveling to the extent that it has been spent on private traveling (this includes traveling between the employee's place of residence and his/her place of employment), shall be deemed not to have been actually expended on travelling on business.
6.10. Municipal Official	• An employee of the municipality

	• A person seconded to a municipality to work as a member of the staff of the municipality

7. COMPENSATION FOR OFFICE BEARERS (MUNICIPAL REPRESENTATIVES) WHO ARE AWAY FROM HEAD QUARTERS (MUNICIPAL UNITS)FOR A PERIOD OF LESS THAN 24 HOURS

7.1. An official is only entitled to submit subsistence and traveling claim in terms of meals, in the event where the destination travelled is away from his/her headquarters/municipal unit on a daily basis.

7.2. Meals and incidental costs will be paid as approved by the SARS and such costs will be paid as amended by SARS from time to time

7.3. Representatives may also be reimbursed for those costs incurred in respect of:

7.3.1. Parking, provided that documentary proof is supplied

7.3.2. Toll fees, provided that amounts claimed are supported by documentary proof.

7.3.3. Bus/taxi fares, provided that amounts are supported by documentary proof.

8. COMPENSATION FOR OFFICE BEARERS/ REPRESENTATIVES WHO ARE AWAY FROM THE MUNICIPAL AREA FOR A DAY OR MORE:

8.1. Tax on subsistence allowances will be reflected on employees' IRP5 certificates and the burden will be on individual office bearers/representatives to provide SARS with sufficient documents to support their annual assessments with regards to the subsistence allowances claimed during the year of assessment.

8.2. Accommodation for representatives/ bearers is based on Circular 82.

8.2.1.1. Laundering provided that

8.2.1.1.1. Dry cleaning shall be excluded

8.2.1.1.2. For trips in excess of 5 days, laundering can be claimed for council businesses only excluding school attendance.

8.2.1.1.3. Parking fees as contemplated in paragraph 7.3.1

8.2.1.1.4. Toll fees as contemplated 3.1in paragraph 7.3.2

8.2.1.1.5. Bus/Taxi fares as contemplated in paragraph 7.3.3

8.2.1.1.6. Meals are reclaimable from Council where receipts, vouchers and supporting documentation are produced and attached to the official claim.

8.2.1.1.7. Incidental costs as approved by the SARS will also be paid and such costs will be paid as amended by SARS from time to time

8.2.1.1.8. If a representative is attending, an occasion which he/she has been invited and the host provides suitable accommodation, the municipality will not pay the cost for such accommodation;

8.2.1.1.9. Depending upon the circumstances regarding the provision of meals included in the daily rate at the accommodation establishment that the representative staying at, daily subsistence allowance will be paid at the rate to be determined by SARS as announced and gazetted annually in February by the Minister of Finance.

8.2.1.1.10. Any representative may opt to rather stay at a guest house, motel or bed and breakfast establishment or with a friend or relative rather than at a hotel and his/her subsistence and travelling expenses shall be dealt with as is hereafter provided for.

8.2.1.1.11. Office bearers/representatives electing to utilize own accommodation will be compensated as follows:

8.2.1.1.12. When official have been booked for accommodation by the council with no meals included the non-taxable amount of R392.00 will be paid per day.

8.2.1.1.13. But when the official have been booked for accommodation and meals an incentive amount of R122.00 should be paid as non-taxable amount,

8.2.1.1.14. In the event whereby you booked your own accommodation the must be a recommendation by SCM stating the reason for self-booking. The representative must submit an invoice and proof of payment. The accommodation must align with Circular 82. The payment is Non-taxable.

8.2.1.1.15. If the representative chooses to use his own accommodation stated above, prior arrangement should be made with Supply Chain Management office as no claim will be paid if accommodation booking has already been made.

8.2.1.1.16. The subsistence allowance may be claimed without the representative having to furnish proof of expenses; the approval for attendance of the occasion can be used as a proof that the representative was authorized to attend such event.

8.2.1.1.17. The subsistence allowance rate should be effected immediately after the new rate has been gazetted and announced by the Minister of Finance.

8.2.1.1.18. According to SARS the prescribe rate for all the representatives across the board should be R3.55 per kilometer. The amount claimed is taxable for those who have fixed travelling allowance and for those whose package is inclusive of travel allowance such as Municipal Manager, Directors etc, for those who don't have fixed travelling allowance the amount claim is Non-taxable.

9. CONTROL MEASURES

9.1. In order to avoid any uncertainty, the provisions mentioned hereunder are applicable to all claims submitted for re-imbursement of expenditure:-

9.1.1. The nature of the journey must be clearly indicated together with the date, the departure and arrival times of the office bearer/representative

9.1.2. The claimant shall sign the claim form before submitting it to an officer designated to check/or authorize payment.

9.1.3. It is the responsibility of the official certifying the subsistence claim to ensure that the amounts claimed are reasonable and within the determined limits and prescripts, and that the claim excludes any items not contemplated in this policy, such as cigarettes and stationery.

For the S&T to be valid the attendance register and relevant invitation must be attached. The S&T form must be signed by claimant, head of department and Chief financial officer.

9.1.4. The supervisor must ensure that the date and times quoted on all documentary proof submitted is correct and relevant to the amount being claimed and it is the responsibility of the claimant to have the document rectified by the supplier, in the event that the dates and the times are incorrectly reflected thereon.

9.1.5. All travel arrangements must be made to coincide with the official duties, representatives may travel on any day prior to the official duty in respect of the following circumstances:

9.1.6. No payments will be processed submitted after the financial year of its occurrence.

9.1.6.1. Should the official duty/meeting/conference/workshop is 500 km return or less must travel on the Morning as per Circular 82.

9.1.7. Road Travel

9.1.7.1. In the case of the road travel, regarding kilometers travelled in respect of the performance of official function and duties on behalf of the Municipality at a rate not exceeding the applicable tariffs prescribed by the Department of Transport for the use of privately owned vehicles as amended from time to time

9.1.7.2. Council to use the AA destination distances as guidelines, however, the office bearer is to record in detail the point of destinations travelled in each claim.

9.1.7.3. The office bearer to give a detailed account of the trip undertaken to account for the kilometers travelled.

Payment of subsistence and travel,

9.1.8. S & T claims be submitted for payment on at least a monthly basis for cash flow purposes

10. SUBSISTENCE AND TRAVEL CLAIMS PROCEDURE: GUIDELINE TO COMPLETING S & T CLAIMS

10.1. Heads of Departments are to approve travel in their departments

10.2. Travel is only approved if budgeted for

10.3. Travel claims are to be competed in detail

10.4. Travel claims are to be completed by each individual

10.5. Details of purpose of journey, destination, time of departure, time of return are to be recorded in detail

10.6. Office bearers are to ensure that approval is obtained prior to submitting a
Claim for processing

10.7. Details of travel, agenda/meetings/notice of meetings need to be attached
as per supporting documentation

10.8. Claims will only be processed with the relevant certified original copies.

11. MONITORING, EVALUATION AND REVIEW

11.1. This document will be reviewed from time to time

11.2. Any requests to amend this policy are to be addressed to:

To Chief Financial Officer for the attention of Manager Expenditure

EFFECTIVE DATE: Date determined by Council/Date of approval by Council.

APPROVED BY:

MR M ZENZILE
MUNICIPAL MANAGER

Resolution Number SCM 122/05/17